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U. S. Department of Agriculture

**THE SECRETARY OF AGRICULTURE
ACTING PURSUANT TO THE ACT OF CONGRESS
APPROVED JANUARY 22, 1932
CREATING THE RECONSTRUCTION FINANCE CORPORATION
AND THE ACT OF CONGRESS APPROVED FEBRUARY 4, 1933**

**CROP PRODUCTION LOAN OFFICE
MANUAL OF FIELD PROCEDURE**

1933 LENDING PROCEDURE



**ISSUED BY THE CENTRAL OFFICE
WASHINGTON**

**UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1933**

AN ACT

To provide for loans to farmers for crop production and harvesting during the year 1933, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of Agriculture is hereby authorized and directed to request the Reconstruction Finance Corporation to advance to him the balance of the sum authorized to be allocated to the Secretary of Agriculture under section 2 of the Act of January 22, 1932, and the Reconstruction Finance Corporation is directed to make such advances regardless of the amounts of notes, debentures, bonds, or other obligations of such corporation that may be outstanding at the time of making such advances, and the Secretary of Agriculture is further authorized to request the corporation to return all sums heretofore returned and/or released to the corporation by the Secretary of Agriculture except so much as may have been used by the corporation to establish agricultural credit corporations under section 201(e) of the Act of July 21, 1932, which sums, together with the sums collected or to be collected from loans made by the Secretary of Agriculture during the year 1932 under said section 2 of the Act of January 22, 1932, shall be available to the Secretary of Agriculture to make loans to farmers during the year 1933 for crop production, planting, fallowing, and cultivation, and in draught and storm stricken areas not to exceed \$1,000,000 for feed for farm livestock: *Provided, however,* That the total sums used for the purposes of this Act shall not exceed \$90,000,000. Due consideration shall be given to the requirements of the truck-farming industry in the trucking areas of the various States.

SEC. 2. (a) A first lien on all crops growing or to be planted, grown, and harvested during the year 1933, or on livestock, shall be required as security for such loan. Such loan shall be made through such agencies upon such terms and conditions and subject to such regulations as the Secretary of Agriculture shall prescribe.

(b) The Secretary of Agriculture may require as a condition to the making of any loan that the borrower agree to reduce his acreage or production program on such basis, not to exceed 30 per centum, as may be determined by the Secretary of Agriculture, and may provide that any such limitation shall not apply to the farmer, tenant, or share cropper who in 1932 planted not more than a minimum acreage of such crops as shall be designated by the Secretary of Agriculture.

SEC. 3. (a) The moneys authorized to be loaned by the Secretary of Agriculture under this resolution are declared to be impressed with a trust to accomplish the purposes provided for by this resolution, namely, the production, planting, fallowing, cultivation of crops, and feed for farm livestock, which trust shall continue until the moneys loaned pursuant to this resolution have been used for the purposes contemplated by this resolution, and it shall be unlawful for any person to make any material false representation for the purpose of obtaining any loan or to assist in obtaining such loan or to dispose of or assist in disposing of any crops given as security for any loan made under authority of this resolution, except for the account of the Secretary of Agriculture, and for the purpose of carrying out the provisions of this resolution.

(b) It shall be unlawful for any person to charge a fee for the purpose of preparing or assisting in the preparation of any papers of an applicant for a loan under the provisions of this resolution.

(c) Any person violating any of the provisions of this resolution shall be guilty of a misdemeanor and shall, upon conviction thereof, be punished by a fine not exceeding \$1,000 or by imprisonment not exceeding six months, or both.

Approved, February 4, 1933.

REGULATIONS RELATIVE TO LOANS FOR CROP PRODUCTION DURING THE YEAR 1933

1. Loans for crop production will be made in the several States of the United States by the Secretary of Agriculture to farmers who are unable to obtain loans for crop production during the year 1933 from other sources. These loans may be made to such individuals as are found by the Secretary of Agriculture to have acreage fit for seeding and who are without means to purchase the supplies necessary for crop production during the year 1933.

2. No loans for crop production in 1933 will be made to any applicant in excess of \$300 nor less than \$25 and the amount of each loan will be in multiples of \$5. The total amount of loans to the tenants of any one landowner in a single county shall not exceed \$1,200, except tenants of the United States of America, or of any State, or any board, division, or political division of any State.

3. Loans for crop production in counties where fertilizer is not commonly used will be made at rates per acre based on the approximate cost of the supplies required, but in no case in excess of \$3 per acre, except for truck crops, including potatoes and sweetpotatoes, for which loans will be made in amounts not in excess of \$12 per acre. Loans for the purchase of fertilizer will be made only in those counties where its use is deemed necessary by the representatives of the Department of Agriculture. Loans in such counties will be based on the approximate cost of all the supplies necessary for crop production, including fertilizer, but in no case in excess of a total amount of \$6 per acre, except for tobacco, on which the maximum rate is \$10 per acre, and truck crops, including potatoes and sweetpotatoes, on which the maximum is \$20 per acre. Not to exceed \$1 per acre of loans for crop production at any of the foregoing rates on the acreage of crops included in the mortgage or crop lien given to the Secretary of Agriculture, as herein provided, may be used for repairs and miscellaneous expenses of crop production other than seed, fertilizer, feed for work stock, and fuel and oil for tractors used in crop production. In addition to the foregoing, loans will be made in amounts not to exceed \$2 per acre for the purchase of materials for spraying and dusting to protect cotton and tobacco from insects and plant diseases; \$4 per acre for spraying and dusting truck crops; \$25 per acre for fertilizer and spraying and dusting materials for bearing fruit trees and vineyards; and \$2.50 per acre for summer-fallowing for an acreage not in excess of that to be planted in 1933. The right is reserved to make loans at rates lower than the foregoing maximum allowances.

4. Loans for crop production on irrigated lands may be made for the payment of water charges, such as operation and maintenance, payment for electric power for pumping, or purchase of fuel and oil for pumping at rates not to exceed \$3 per acre. Loans will be made on sugar beets for production expenses, including the employment of hand labor for thinning, at rates not to exceed \$12 per acre; on sugar cane at rates not to exceed \$12 per acre; on hops at rates not to exceed \$25 per acre; and on rice at rates not to exceed \$12 per acre, except that in the case of rice grown by tenants under contract by which the landowner is to furnish water for irrigation, the rate shall not exceed \$7 per acre.

5. Applicants must agree to use seed and methods approved by the Department of Agriculture through its local representatives. Applicants must also agree to plant a garden for home use and a sufficient acreage of feed crops to supply feed for their livestock.

6. No loans will be made to any applicant who has a means of livelihood other than farming. No loan will be made to a minor. No loan in excess of \$100 will be made to any applicant who is in arrears on as many as two previous loans made by the Secretary of Agriculture: *Provided*, loans to the unmarried children, the wife, or the employees of a delinquent farmer shall be construed as loans to such delinquent.

7. Loans will not be made for the purchase of machinery or livestock or for the payment of taxes, debts, or interest on debts. Loans will not be made for the feeding of livestock other than work stock used in crop production.

8. No loan will be made to any individual or to the tenants or share croppers of any landlord to finance or assist in financing the planting of an acreage of any cash crop on the lands of such individual or such landlord in excess of 70 per cent of the acreage of such crops planted by such individual or by all the tenants or share croppers of any such landlord on all the lands of such individual or landlord during 1932: *And provided further*, Such individual or landlord agrees that he will not have any other interest whatsoever in any other such crops or permit any crops to be grown on his land by others in excess of 70 per cent of the total acreage of such crops on such land in which he had an interest in 1932: *Provided*, That the foregoing shall not apply to the farmer, tenant, or share cropper who, in 1933, will not plant more than 8 acres of cotton, 2½ acres of tobacco, 40 acres of wheat, 20 acres of corn, 2½ acres of truck crops, 12 acres of sugar beets, 8 acres of potatoes, 30 acres of rice, 8 acres of peanuts. Applications will not be approved for loans to persons who did not farm in 1932 for production of acreages in excess of 70 per cent of that grown on the same lands in 1932: *Provided further*, That the 30 per cent withheld from such cash crops may be planted in soil-building crops.

9. The Secretary of Agriculture recommends that American made supplies be used by borrowers of crop production loans.

10. The amount approved for loan by the Secretary of Agriculture or his representatives under these regulations will be paid to the applicant by a special disbursing agent upon receipt and approval of the following documents:

I. Application on the form provided, signed by the applicant and verified by the designated representatives of the Secretary in the county in which the applicant is located. An authority to sell collateral pledged or to be pledged as security for loans made by the Secretary of Agriculture is on this form and must be signed.

II. Promissory note, on form prescribed, executed by the applicant for the amount of the loan, payable to the Secretary of Agriculture, on or before October 31, 1933, with interest at the rate of 5½ per cent per annum.

(a) Applicants in Minnesota, and Montana who apply for loans for both seed and feed and/or fuel and oil for tractors will execute two notes, one in the amount requested for seed and one in the amount requested for feed and/or fuel and oil for tractors.

III. Crop pledge, bill of sale, lien, promise and authority or mortgage, as follows:

(a) Crop pledge in Louisiana.

(b) Bill of sale in Georgia.

(c) Seed lien in Minnesota, Montana, North Carolina, and Virginia.

(d) Promise and authority in Colorado, Connecticut, Delaware, Illinois, Kansas, Kentucky, Maryland, Massachusetts, Nebraska, New Hampshire, New York, Ohio, Rhode Island, and Wisconsin. (In Connecticut also a real-estate mortgage and later a crop mortgage will be required.)

(e) Crop mortgage in Alabama, Arizona, Arkansas, California, Florida, Idaho, Indiana, Iowa, Maine, Michigan, Mississippi, Missouri, Nevada, New Jersey, New Mexico, North Dakota, Oklahoma, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas,

Utah, Vermont, Washington, West Virginia, and Wyoming, upon the crop growing or to be grown on the land described in the application for 1933, in favor of the Secretary of Agriculture, duly executed by the applicant in such manner as to entitle it to filing, and securing payment of the above-mentioned note, and containing a provision authorizing the Secretary of Agriculture, through a representative designated by him, in the event the applicant fails to protect the crop in a husbandlike manner, to enter upon the premises, take possession of and harvest the same, and/or to sell the same to satisfy the lien of said mortgage and expenses incurred thereunder from the proceeds of the crop.

Crop mortgages, pledges, bills of sale, or liens shall be executed on forms supplied by the Secretary of Agriculture and shall be filed or recorded by the borrower in the proper office under the State laws applicable. These instruments shall be prepared and signed in duplicate, the original being fully executed and both copies transmitted with the application, except in North Dakota, South Dakota, Montana, and Minnesota, where the proper document must be prepared in triplicate, one copy to be retained by the applicant. As the laws of Colorado, Delaware, Illinois, Kansas, Kentucky, Maryland, Massachusetts, Nebraska, New York, Ohio, Rhode Island, and Wisconsin require that a crop must be planted and growing before a legal crop mortgage can be given, applicants living in these States must sign an agreement to execute, deliver, and file or record a crop mortgage on growing crops when in existence or authorize the Secretary of Agriculture or his agent to execute said instrument in his behalf. The crop mortgage will be prepared by the applicants in the above States and accompany the application, to be executed and filed or recorded by the Secretary of Agriculture or his agent when the security is in existence. Where the application reveals the existence of a judgment creditor or creditors it will be necessary to secure a waiver from such creditor or creditors on Form No. 6.

If the applicant for a loan is a tenant, or is farming land under contract for deed or so-called crop contract, or has given a prior mortgage on his 1933 crop, he must secure the waivers of the actual owners of the land, his landlord, and/or all prior mortgage holders on the form provided for the purpose. If the applicant is the owner of the land and farms it with tenants or share croppers, waivers of such tenants or share croppers must be secured on the form provided for the purpose. If the applicant leases the land from another and in turn operates it with tenants or share croppers, waivers of both the actual owner of the leased land (unless the rental of said land has been paid) and of said tenants or share croppers must be secured on the form provided therefor. Holders of mortgages or deeds of trust upon the land may be required to execute waivers where it appears that foreclosure proceedings have been or may be instituted prior to the maturity of the crops mortgaged.

In all cases where waivers are required, the person waiving must certify that, at the time of signing such waiver, he is in actual possession and owner of any rent note, mortgage, land sales contract, judgment or other paper and must enter into an agreement on this form that he will not assign, transfer, hypothecate, or sell such security without first having secured the written consent of the duly authorized representative of the Secretary of Agriculture; and further, that, in the event advances are made in compliance with pertinent regulations of the Secretary of Agriculture, for the purpose of harvesting and marketing the said crops, the money so advanced will be repaid from the proceeds derived from the sale thereof prior to the satisfaction of any lien, claim, or interest of the signor, or any part thereof.

IV. Voucher form supplied by the Secretary of Agriculture and signed by the applicant.

11. Fees for recording or filing all instruments including mortgages, liens, bills of sale, crop pledges, promises to execute a mortgage, and the authority to execute a mortgage, and record searching shall be paid by the borrower.

12. The right is reserved to make payment of the loan in installments, the amount of each installment to be determined by the representatives of the Secretary of Agriculture. Initial payment will be made at the time the loan is approved, and subsequent installments will follow by supplemental voucher only after expenditure of the initial payment is shown to have been made in accordance with the law and regulations. Interest to the maturity date of the note will be deducted from each installment.

13. Applications for loans under these regulations must be mailed in time to be presented by the designated representative of the Secretary of Agriculture, at the crop production loan office, not later than April 30, 1933.

14. The right is reserved to make further supplemental or amendatory regulations relative to loans for crop production purposes during the year 1933, or to withdraw these regulations at any time.

ARTHUR M. HYDE,
Secretary of Agriculture.

SECRETARY'S LETTER IN REGARD TO CONFIDENTIAL INFORMATION

Whereas the information required by the Secretary of Agriculture administering farmers seed loans and, acting pursuant to section 2 of the act of Congress approved January 22, 1932, creating the Reconstruction Finance Corporation, and the act of Congress approved February 4, 1933, in applications for farmers seed loans and crop production loans and reports thereon, is confidential; and

Whereas the divulging of such information would be prejudicial to the Secretary's interest, acting in such capacity: Now, therefore, it is

Ordered, That employees of the Secretary of Agriculture, administering farmers seed loans and acting pursuant to section 2 of the act of Congress approved January 22, 1932, and the act of Congress approved February 4, 1933, as aforesaid be, and they are hereby, prohibited from disclosing or furnishing any information contained in any application submitted for a loan under the farmers seed loan acts and the acts of Congress approved January 22, 1932, and February 4, 1933, or any report in connection with any seed or crop production loan, or giving out any copies thereof, or producing such records or copies thereof in court, or appearing as witnesses in any litigation for the purpose of testifying as to any facts or knowledge secured by them through such applications or reports. Whenever subpoenas shall have been served on such employees, they will appear in court in answer thereto and respectfully decline to testify to matters referred to herein as confidential, or to produce records thereof on the grounds that the same are confidential, and they are prohibited therefrom by this order.

ARTHUR M. HYDE,
Secretary of Agriculture.

FEBRUARY 13, 1933.

FUNDAMENTAL POLICIES

In the administration of his duties, the field inspector will be guided by—

1. The intent of Congress as reflected in the act quoted above.
2. The administrative regulations promulgated by the Secretary of Agriculture, also quoted above.
3. Direct instructions from the regional office.
4. Instructions from the State inspector.

Everyone connected with the work in the field must fully acquaint himself with the provisions of the act, the administrative regulations, and the details outlined in this manual. He should read all documents and familiarize himself with the provisions of each. Notaries should read all documents which they notarize.

Congress made available \$90,000,000 for crop-production loans and livestock feed loans in 1933, from which amount administrative expenses will be deducted; \$1,000,000 is specifically set aside for feed loans. The indications are that there will be a considerable increase in the number of applications received this year. We must therefore hold expenses to the minimum and make loans conservatively in order that all approved applications may be paid. Your best judgment and discretion should, therefore, be exercised in approving loans.

In 1932 there were 507,632 loans, averaging \$126. This average apparently served the purpose. With the acreage reduction provided for in the regulations and the reduced cost of seed, fertilizer, and other items used in producing a crop, the average loan should be lower in 1933.

Agriculture is confronted, on the one hand, with a surplus of certain cash crops and, on the other hand, with a serious credit situation. Unless intelligent financial assistance is rendered, many may be forced to abandon farming operations and rely on public agencies for sustenance. Our responsibility in administering this relief fund is, therefore, twofold:

1. To make it possible for the legitimate farmer to raise sufficient crops to keep his family and necessary livestock, repay his loan, and carry on.

2. To avoid stimulating the cultivation of an unnecessary surplus of cash crops.

It is important to keep in mind that Congress has not subsidized the farmer in providing these loans. This is taxpayers' money loaned at reasonable rates. Differentiate between strictly charity cases, which should be referred to the Red Cross or local agencies, and legitimate applicants for credit as provided for in the act. If properly administered, this relief measure will enable citizens to help themselves and carry on without burdening the taxpayers of the Nation.

RESPONSIBILITIES OF THE FIELD INSPECTOR

The procedure to be followed this year in the field places greater responsibility on the field inspector than he has had heretofore. The field inspector is in charge of the taking of applications in his assigned territory. He is directly responsible for all 1933 crop production loans made therein and for their collection, as well as for the collection of all unpaid balances on prior loans. *The loan is collected, in most cases, when it is approved* and, therefore, if judiciously made, will prove an important factor in the field inspector's collection record. To accomplish his task, he must cooperate with the county agent and with the committees in approving loans and in encouraging intelligent farming in keeping with present economic conditions.

The field inspector will render every service possible to those farmers who desire to be served, at the same time keeping in mind his limitations under the regulations and his duty to the Government. He must be absolutely impersonal in all dealings with applicants and borrowers and must never allow personal animus to sway his judgment. The ultimate interests of the farmer demand that loans be made only to those who are deserving and who will make a determined effort to repay.

The Extension Service of the Department of Agriculture has made material progress in the education of farmers in better methods of organization and crop planning. It is highly essential that the inspector utilize his advantageous position to cooperate in this work.

In brief, the field inspector's responsibilities are to—

1. Supervise the making of applications and investigations and recommendations incident thereto.

2. Collect all 1933 loans.

3. Collect all outstanding balances on prior loans.

4. Attend to such other incidental duties as may devolve upon him.

IMMEDIATE DUTIES OF THE FIELD INSPECTOR

I. Selection of county and community committees.

A. County committee.

1. Confer with the county agent and determine immediately—

- (a) That the personnel of the 1932 county committee was entirely satisfactory.

- (b) That their position will not be used for political advantage or personal gain in the sale of fertilizer, supplies, etc.

- (c) That they are agreeable to serving this season.

2. If necessary, nominate to the State inspector other prominent citizens of the county who are willing to serve and are capable of making satisfactory committeemen. When certified to by the State inspector, the list will be forwarded to the regional office.

(a) Each county committee should be composed of three members. They will review all applications made in their county and, if possible, all members will sign the certificate. At least two members must sign in every instance.

B. Community committee.

In some counties, it may be advisable to establish community committees in order to obtain a first-hand report on the applicant. These committees are for the convenience of the field inspector and the county committee and, if desirable, one prominent citizen may be called upon to certify as to the applicants in his community in lieu of establishing a committee. The names of the personnel of community committees are not to be submitted to the regional office. The State inspector may require that lists be submitted for his approval.

C. Committee expenses.

There are no provisions whereby the Government can pay the committeeman's necessary expenses. In some counties, however, arrangements have been made locally to take care of this situation by providing funds for gasoline, etc.

II. County extension agents.

A. Full cooperation between field inspector and county agent is essential. The agent is well qualified to certify to the applicant's crop plan and to the amount which should be advanced to accomplish the purposes stated in the application. He should, therefore, be encouraged to participate as a local adviser.

B. Where mutually agreeable, the use of the county agent's office as headquarters of the field inspector is desirable. No one in the employ of the county agent, however, may be paid a salary or fee by the Government for work in connection with applications.

III. Office set-up.

A. Office and equipment.

1. Secure gratis from a civic organization, county agent, county committee, or other source, in each county seat or prominent town, such office space and equipment as may be necessary.

2. Report immediately the location of such office or offices to the State inspector and to the credit and collection manager of the regional office.

B. Clerical help.

The applicant can not be charged for work incident to making out the application papers and the field inspector must, therefore, make arrangements to have such work provided gratis and, if that can not be done, he may be authorized by the State inspector, or in the absence of the State inspector, by the credit and collection manager of the regional office, to employ the necessary help at the prevailing salary scale, not to exceed 25 cents per hour. All clerical work, contributed or employed, must be under the supervision of the field inspector.

Formal appointments will not be issued but claims for services may be submitted semi-monthly by such employees on standard Form No. 1034, certified by the employee and by the field inspector under whose supervision the work is performed. These vouchers should be forwarded by the field inspector to his regional office for audit and transmission to the central office for payment.

1. Prepare immediately a list, in duplicate, of the names, addresses, and working addresses of any such employees and forward copies to the State inspector for approval.

2. If approved by the State inspector, a copy of the list will be forwarded by him to the regional office.

In those counties where a full-time assistant is not justified by the estimated number of applications, a competent, qualified person may be employed at a fee not to exceed 25 cents per application set, including all necessary papers, accepted by the field inspector.

Offers made by bankers or business men to contribute the services of employees for making out applications may be accepted, provided the field inspector is certain that the offer is made in good faith and not with an idea of personal profit.

(NOTE.—Such applications will follow the routine course outlined under general procedure.)

Make every effort to secure the contribution of services and equipment.

C. Notaries Public.

If possible, arrangements should be made to employ notaries in order that acknowledgments may be made with little or no cost to the farmer. If this can not be done, arrange informally with one or more notaries in each town to take acknowledgments at a nominal fee. This fee will be paid by the farmer and, under the law, is the only legal charge which can be made to an applicant in connection with the preparation of his papers.

D. Directory.

When your county committee and local office or offices are established, forward to your State inspector a list of county committee members and others employed in making out applications in your territory. This list will, in turn, be forwarded to the regional office in order that a directory may be prepared. The regional office will forward a copy of this directory to central office as soon as possible. This directory will enable the central office and the regional office to refer all requests for applications to the proper person.

E. Publicity.

1. *Do not solicit applications.*—Field inspectors are limited to simple announcement that loans are available and are prohibited from participating in any activities or propaganda designed to augment the volume of applications.

2. As soon as the necessary forms are received, arrange to have appropriate announcements containing pertinent facts from the act and the regulations published in local newspapers without cost, giving the dates, names, and addresses at which applications may be made. Call particular attention to section 3 of the act.

3. Post copies of the regulations and of press releases, in public meeting places, such as post offices, banks, etc., and arrange to have copies available for distribution to interested parties at all such points.

4. Do not distribute application forms promiscuously. Occasional sets, marked "Sample," may be given out for information only. Use every precaution to prevent applications from falling into hands where they may be misused.

5. Emphasize section 3 of the act and see that it is called to the attention of all applicants and interested parties in your territory.

GENERAL PROCEDURE

I. Preparation of application papers.

A. The field inspector, or assistant field inspector, should interview every applicant and, whenever possible, the county agent should be present to assist in outlining the 1933 crop plan. Explain to the applicant that he may plant soil-building crops on the portion of the land left free by acreage reduction of cash crops. Available funds are limited and applications may be approved only for purposes strictly within the regulations heretofore outlined.

All forms are to be typed and all signatures should be in ink.

Do not write in the blank panels in the upper right-hand corner of the documents as this space is reserved for use in the regional office.

II. Application, Form No. 2.

Prepare in duplicate; retain the salmon-colored copy, dated to show when the original was forwarded to the regional office, and file alphabetically. Every question must be answered or some notation made that the question does not apply.

A. Eligibility.

Question the applicant with reference to the major requirements in the regulations to determine his eligibility for a loan before filling in the application forms, as this may save time and expense.

Use care to determine the applicant's landlord and check to see that the total amount of loans already applied for by other tenants of such landlord are not in excess of \$1,200, unless such landlord is the United States of America, or a State, board, division, or political division of any State, as provided in the regulations. (Par. 2.) Tenants of the United States are tenants of the Federal land banks and tenants on Indian lands.

Also see that all landlords involved agree not to plant, or allow to be planted, in excess of 70 per cent of the acreage of the cash crops grown in 1932 on land owned by them. (Par. 8.) This agreement is contained in the waiver.

B. Answers.

All questions must be clearly and completely answered as they will indicate the steps which must be taken before the papers are mailed to the regional office for approval. Care at this point will avoid costly and troublesome delays in returning documents for correction.

C. Panel, upper left-hand corner.

1. The approved amount of the loan, the amount withheld and the number of installments will not be inserted until after the application has been reviewed by the committees and the field inspector. The field inspector will then insert this information before forwarding the papers to the regional office.

2. Document review and credit review are reserved for the regional office procedure.

D. Identification panel, right-hand side.

The field inspector, or his assistant, will fill in this information which must be absolutely correct as it will serve as the basis for all office records in connection with the loan.

1. Name: Spell correctly, giving the first name in full, the middle initial, and the last name.

2. Address: Give the complete address at which the applicant receives his mail, including route, box number, or other identification, and post office.

3. County and State of recordation: This county will depend on the legal requirements of the jurisdiction and will constitute the control county for all office records. Application should be made in the county in which the mortgage instrument is to be recorded.

4. State and county code numbers. Insert the numbers, using the lists which will be supplied.

5. Verify this information for absolute accuracy before mailing the papers to the Regional Office.

E. 1932 Crop acreage and production.

1. Determine that these answers include the total acreage and production, including shares of both tenant and landlord.

2. The answers to this question will determine the 1933 cash crop acreage reduction provided for in the regulations. (Par. 8.)

F. Application.

1. Give the applicant's full name and the name by which he is known in the community, together with the total amount for which he is applying.

(NOTE.—For the convenience of the field inspector, he may mark in his copy the applicant's race and any other information which may assist him in identifying and locating the borrower.)

Give the date the application is filled out.

G. Itemize list of funds required.

1. From the applicant's statement of 1932 crop acreage, determine the proper acreage reduction for 1933.

2. List all crops to be planted by the applicant during 1933, regardless of whether or not Government funds are to be used in their production.

3. Make proper allowances for dusting and spraying materials to combat infestations of boll weevil and other usual insect pests.

(NOTE.—Consult the county agent as to local requirements.)

4. See that no requests for funds are in excess of the limits provided for in the regulations. (Par. 2.)

5. *Family garden.*—List the amount of family garden to be grown and impress upon the borrower the importance of self-sufficiency.

6. *Amount.*—The total of the itemized list must equal the total amount applied for in the application.

H. Personal history.

State the applicant's age, marital status, number of children, number available for work on the farm, the number of dependents in addition to the family, and the size of the farm.

I. Previous loans.

Ascertain whether or not the farmer has made application for prior loans and, if so, give the present status of his account. The loan numbers should be inserted whenever possible and in every instance when there is an unpaid balance. Verify this information by reference to your trial balance list and collateral statements. *This must be done.*

Determine also whether any member of the applicant's immediate family has received prior loans on the property in which the applicant was or is interested and, if so, give the name of the borrower and the present status of this account at the top of page 2. If there are any outstanding balances on any such loans which indicate an attempt to evade obligations, the 1933 application must be made by the borrower receiving such prior loan or loans and the proper renewal mortgages executed and recorded at the borrower's expense.

Under the regulations (par. 6) an applicant who has outstanding balances on two or more prior loans can not receive a 1933 loan in excess of \$100 unless such balances are fully secured by collateral; if no payments have been made and no collateral posted, a 1933 loan will not be approved.

(NOTE.—All unpaid balances must be secured by renewal mortgages regardless of the collateral posted. The unpaid balances on 1932 loans are provided for in a paragraph in the 1933 mortgage instrument and all unpaid balances on loans prior to 1932 must be covered by a separate renewal mortgage instrument.)

J. Income from sources other than farming.

No loan will be made to any applicant whose chief business is not farming. This means that farming must be the applicant's principal occupation and small incomes, manifestly of little importance in relation to his farming operations, should not preclude him from receiving a loan.

K. Statement of present indebtedness.

1. *Farm mortgages.*—Procure the amount of interest rate, the due date, the amount of delinquent installments, and the names and addresses of the creditors. Information as to the unpaid installments will indicate the applicant's solvency.

2. *Chattel mortgages.*—Determine whether or not these include a lien on the crops. If so, list such debt under crop mortgage, crop lien, or bill of sale, and secure proper waivers.

3. *List all crop mortgagees.*—Information in this regard is important as waivers must be secured from all such mortgagees.

4. A statement of store accounts, unpaid taxes, unsatisfied judgments, and other debts will furnish valuable information in determining the applicant's financial status.

5. If the applicant states that he has no debts, write the word "None" in this block and assure yourself that the applicant can not obtain local credit with his available security. (Par. 1.)

6. Determine whether or not foreclosure proceedings have been instituted.

7. Marketing agreements and contracts for sale of crops. The applicant should be questioned in this regard as such agreements often constitute a virtual crop lien and, in such cases, waivers should be obtained.

L. Statement of livestock and equipment.

Determine whether or not the applicant has the necessary horse and machine power to operate his farm or whether he has made arrangements to secure the same.

M. Statement of feed and grain.

Determine the amount of seed and feed the applicant has on hand, as this will assist in arriving at the proper amount to be loaned to him.

N. Agreement giving authority to sell.

This agreement, at the bottom of page 3, must be signed and dated by the applicant and by two witnesses, who should also give their addresses. This will preclude the necessity for a special authority to sell if and when collateral is posted and will also give authority to sell collateral now posted.

O. Land cultivated (page 3).

Determine whether or not the land is owned, rented, or being purchased under contract for deed and fill in the proper section or sections. Give the distance and direction from the nearest town, the name or number of the road on which the land is located, and whatever further legal description is required in the jurisdiction. The names of adjoining farms may prove valuable information.

Question the applicant carefully and ascertain all tenants, share croppers, landlords, the name of the person or persons from whom the land is rented, or being purchased, and all prior crop mortgages, in order that the proper waivers may be secured. This is important as no loan will be approved unless the mortgage instrument constitutes a valid first claim on the applicant's 1933 crops.

The details of the legal requirements for waivers will be furnished for each jurisdiction by the regional office attorney.

P. Additional land cultivated.

Give complete information in answering these questions as the law requires a first mortgage on all crops to be grown in 1933. This additional land must also be described in the mortgage instrument and the proper waivers secured from the owner or any one from whom the applicant may rent the land.

Q. Certificate (top of page 4).

Be sure that the applicant thoroughly understands this certificate and that he is aware of the contents of section 3 of the act. Read them to him or have him read them himself before signing.

1. Have him sign his name as shown at the beginning of the application and insert the date.

(NOTE.—This signature is to be witnessed by two disinterested persons who will write their names and addresses. The field inspector will not be a witness. If one person signs for another, he must furnish a copy of his legal authority as agent, guardian, etc.)

Most of page 4 on the field inspector's copy will be left blank for field-record purposes.

R. County agent's certificate.

This must be filled in and signed by the county agent or a notation made by the field inspector explaining the omission.

S. Community committee's certificates.

This may be filled in and signed by one or more members as the field inspector may deem advisable.

T. County committee's certificate.

1. This committee is to review all applications submitted in the county.
2. Each question is to be answered and the certificate signed by at least two members of the committee.

U. Field inspector's certificate.

This must be completely filled in and signed by the field inspector. Any additional statement or explanation required may be added.

III. Promissory note—Form No. 3 (Pennsylvania, judgment promissory note, Form No. 3-M).

- A. Name: Name and address must agree with other instruments.
- B. Date: In most jurisdictions, the date should agree with the lien instrument.
- C. Amount: This should agree with that shown in the application and in the lien instrument.

(NOTE.—Signature by mark must be witnessed by two disinterested persons who will write their names and addresses. The field inspector will not be a witness. If one person signs for another, we must be furnished with a copy of such person's legal authority as agent, guardian, etc.)

IV. Crop mortgage, crop lien, seed lien, bill of sale, etc.—Form No. 4.

The legal requirements of each jurisdiction will be set forth in more detail in the instructions furnished by the regional attorney which will supplement this manual.

1. Name and address must agree with other instruments.
2. Land description. Describe fully in this instrument all land mentioned in the application.
3. Proper waivers must be secured from landlords, persons from whom land is rented, tenants, share croppers, prior lien holders, etc.
4. Acknowledgments and all affidavits required in the jurisdiction must be executed by duly authorized officials.

V. Crop production loan voucher—Form No. 5 (Connecticut, Form No. 5-N).

- A. Name: Name and address must agree with all other forms.
- B. Amount: The amount requested by the applicant must agree with the application and other instruments.
- C. Signature: The applicant must sign this document.

(NOTE.—If the signature is by mark, two disinterested witnesses must sign their names and addresses. The field inspector will not be a witness. If one person signs for another, we must be furnished with a copy of such person's legal authority as agent, guardian, etc.)

D. Reductions: If the field inspector, after investigating an application, feels that the amount should be reduced, he will insert the amount of the reduction on the voucher to show the approved amount of the loan.

E. Installments: If full payment is not to be made in one check, the field inspector will indicate on the voucher the amount to be withheld and the amount of the initial payment. The amount of interest deducted and the amount of the check will be computed in the regional Office.

F. The field inspector must sign the voucher, as agent of the Secretary of Agriculture, authorizing the payments as indicated.

VI. Waiver and agreement—Form No. 6.

This form is similar to that printed on the back of the mortgage instruments and is to be used only when it must be mailed out for signature. Its use should be kept to the minimum.

VII. Promise and authority to execute a mortgage—Form No. 7.

In promise and authority States, the mortgage forms will be prepared, in duplicate, when the application is made. Unless special legislative action has been taken, these forms will be mailed in with the application without being executed. This will avoid delay when the crops are reported in being and the instrument can be forwarded for execution and recordation. The borrower will pay for the recordation of the authority and, in advance, for the recording of the mortgage at the time the first check is delivered.

VIII. Outstanding balances.

A. *Renewal mortgages.*

1. *Outstanding balances—Farmers seed loans.*—All applicants indebted to the Secretary of Agriculture for unpaid balances from farmers seed loans made prior to 1932 must give renewal mortgages in sufficient amount to cover such unpaid cash balances, regardless of collateral that may be posted. These renewal mortgages must be executed in duplicate and recorded at the borrower's expense.

2. *Outstanding balances—1932 crop-production loans.*—All outstanding cash balances on 1932 crop-production loans must be covered in the clause provided in the 1933 mortgage instrument. This renewal must be given regardless of any collateral which may secure the unpaid balance in full or in part. Collateral does not constitute payment but is merely security, and the renewal mortgage clause must be executed.

B. *Waivers* for renewal mortgages must be secured to the same extent as on the 1933 mortgages except that a landlord's waiver will not be required on the renewal mortgage of the tenant farmer where he is farming under a different landlord in 1933.

IX. Consideration of applications.

A. *Community committees.*

The field inspector may designate one or more persons to review applications from their community. Their recommendations must be signed and will serve the county committee and the field inspector in their consideration of applications.

B. *County extension agent.*

The value of the county agent's certificate, which is an innovation, is obvious. Full cooperation between the field inspector and the county agent is contemplated in order that the regional office may be assured that the crop program is in accord with the recommendations of the Department of Agriculture and the State extension service and that there is reasonable assurance that such a program will enable the applicant to repay his loan and take care of his family and necessary livestock.

C. County committees.

1. The field inspector should arrange to hold periodic meetings with the county committees for the consideration of all applications submitted in his territory. If local conditions make it advisable, the county agent should also attend these meetings.

2. The field inspector should impress upon the committee members the importance of maintaining a good county record for the repayment of these loans by careful approval of deserving applicants in the first instance.

3. Frequent and regular meetings should be arranged so that this work will not become onerous.

4. In cases where the field inspector and the county committee do not agree, the committee's certificate should contain their independent opinion.

5. The committee should consider each question and certify as to the applicant's reputation and his eligibility for a loan.

6. Discuss the question of installments and complete the voucher and the application, giving the approved amount and the amount withheld on both instruments.

7. At least two members of the county committee are to sign the certificate and this signing should never be done in a perfunctory manner.

D. Field inspector.

1. The field inspector is responsible for the collection of loans in his territory. In making recommendations, however, he should not forget that these limited funds were appropriated as a relief measure.

2. In investigating a loan, bear in mind that the moral hazard of the applicant is usually the greatest hazard. A poor moral risk is generally a poor financial risk. Give your opinion free from prejudice, even though it is contrary to the recommendation of the committee and the county agent. If differences of opinion exist which can not be settled by discussion, forward the application to the regional office with separate recommendations, outlining as briefly as possible the reasons for approval or disapproval. Avoid open controversies with the county agent and the county committees.

3. Full cooperation between the field inspector, the county agent, and the committee is highly desirable, and the field inspector should make every effort to work in harmony with those who are assisting him. The unbiased opinion of each will be of material assistance in determining an applicant's credit status.

4. No loan will be approved over a field inspector's disapproval until after the findings of the regional office are submitted to him for consideration.

5. The field inspector's recommendations should be kept confidential, and he need not sign the certificate until after all committees have given the case consideration and it is ready to be forwarded to the regional office.

X. Disposition of completed applications.

Forward, at regular intervals, completed applications to the regional office for final action, even though they may be disapproved by the county agent, the county committee, and/or the field inspector.

A. Disapproved loans.

The regional office will assume the responsibility for disapproval and will return the necessary papers to the applicant.

The application, voucher, and renewal mortgage, if any, are retained in the regional office and the note and 1933 mortgage instrument returned to the applicant with a disapproval letter. A copy of this letter will be mailed to the field inspector in order that he may make the proper disposition of his copy of the disapproved application.

B. Papers returned for correction.

1. The borrower will be notified by a card or a letter from the regional office that his papers are being returned to the field inspector for correction and that he is to call on the field inspector as soon as possible in order that the corrections may be made and the documents returned for reconsideration.

2. The documents requiring correction will be returned to the field inspector.

(a) *Routine corrections.*—Mimeographed forms explaining simple corrections will be attached to the instrument involved and forwarded to the field inspector. These forms will not be detached by the field inspector but, when the corrections are made, they will be signed and dated by him and returned with the instrument to the regional office.

(b) *Complicated cases.*—If a correction is of a complicated nature, a special letter will be dictated in the regional office to accompany the instrument or instruments. When the necessary corrections are made, the instrument is to be returned to the regional office.

3. If the corrections required by the regional office can not be made, all instruments are to be returned, with the proper explanation, for final action in the regional office.

4. Every effort must be made to have the corrections made promptly and completely and the papers returned to the regional office without unnecessary delay.

C. Approved loans.

1. After the application has been approved in the regional office, a check for the full amount, less interest to October 31, 1933, or, if paid in installments, the first installment check, less interest to October 31, 1933, will be forwarded to the field inspector together with the original mortgage instrument and a certificate of recordation (Form No. 332), and, if applicable, the renewal mortgage and an additional certificate of recordation.

(IMPORTANT NOTE.—The field inspector will insert the code and loan numbers, as shown on the certificate of recordation, on the duplicate application in his files. These numbers should always be referred to in any correspondence concerning such applicant.)

2. The borrower will be informed by a letter from the regional office that his check has been sent to the office of the field inspector and that he is to go to that office, secure the lien instrument and take it to the proper official for recordation.

(a) If the instrument, when filed of record, will become a first lien, the applicant will have the mortgage recorded at his expense, and the official will fill in, sign, and seal the certificate of recordation which the applicant will return to the field inspector. The check is then delivered and the applicant signs the receipt in the upper left-hand corner of the certificate. This will then be forwarded to the regional office by the field inspector.

If the signed certificate of recordation is returned to the field inspector by the county official, the field inspector will mail the check to the borrower, sign, and date the certificate in the upper left-hand corner, and forward it to the regional office.

(1) In promise and authority States, a receipt (Form No. 333) will be furnished in place of the recordation certificate. This receipt will be presented to the proper recording official by the borrower who will pay for the recording of the authority, if necessary in the jurisdiction, and, at the same time, for the recording of the mortgage instrument which will be executed in the regional office and presented for recordation when the crops are reported in being. The recording official will sign and seal this receipt in which he acknowledges payment in advance of the recordation fees and promises to record the mortgage when presented. When this receipt is returned properly signed, the borrower will receive his check and sign the receipt which will be forwarded to the regional office.

3. *Renewal mortgages.*—If there is an outstanding balance, the renewal mortgage, with a certificate of recordation will be returned to the field inspector with the 1933 mortgage and certificate. This will be recorded at the borrower's expense and, before delivery of the check

he must present the renewal mortgage certificate signed and sealed by the recording officer. The borrower must also sign the receipt in the upper left-hand corner of the renewal mortgage certificate which will also be forwarded to the regional office.

(a) If the mortgage or lien instrument will not become a first lien, the recording official will fill in the reverse side of the certificate with the names of the mortgagees and the amounts involved and return it with the mortgage to the applicant or to the field inspector. Any expense incidental to this search will be borne by the applicant.

(b) The field inspector will advise the applicant as to what waivers will be required to make this mortgage a first claim.

(1) If such waivers can not be secured, the field inspector must return the mortgage, certificate, and check to the regional office for disposition.

(2) If the proper waivers are secured, the instrument will be returned to the recording official, who will sign and seal the certificate of recordation in order that the borrower may receive his check.

XI. Installment payments.

A. *First installment.*

All approved loans up to \$50 will be paid in one check and those over \$50 in one check, or in two or three installments, as may be deemed advisable by the field inspector. The number of installments recommended must be shown on the application. The voucher will only indicate the total amount withheld.

The delivery of the first installment check will be handled in the same manner as a check for full payment.

B. *Subsequent installments.*

A supplemental voucher (Form No. 5-A) showing the borrower's name, code, and loan number, and the total amount withheld will be mailed with the first installment check. This will be filed by the field inspector until such time as the borrower is ready for his second installment.

A letter of instructions will be mailed to the applicant at the time he is advised that his loan has been approved informing him of the procedure necessary to obtain his subsequent check or checks.

He will report to the field inspector the expenditure of the first installment check. If this is satisfactory, the borrower will sign the supplemental voucher, the field inspector will indicate the amount withheld, if any, and the amount to be paid. The amount of interest deducted and the amount of the check will be computed by the regional office.

The field inspector will date and sign the supplemental voucher and, at the proper time, forward it to the regional office for payment.

The check will then be drawn and mailed direct to the borrower from the regional office.

C. *Reductions.*

If, after investigation, the field inspector feels that the amount of the subsequent installment or installments should be reduced, he will prepare the supplemental voucher for the amount he approves, making a note that there has been a reduction from his original recommendation.

D. *Disapproval.*

If the field inspector is of the opinion that subsequent installments should be canceled, he will notify the regional office to this effect, using a supplemental voucher form, giving a brief statement of his reasons.

E. *Stop order.*

If, after approving a subsequent installment, a field inspector wishes to countermand his order, he may wire the regional office to stop the check.

F. Third installments.

When the second installment check is prepared from a supplemental voucher showing an amount withheld, a second supplemental voucher will be prepared showing the final amount withheld and this will be mailed to the field inspector to be handled in the same manner as a second installment. In most instances the field inspector will have the opportunity of making a personal inspection of the borrower's farm before a third payment is made.

CONCLUSION

Any questions as to lending procedure should be referred promptly to your State inspector, who should, in turn, present doubtful questions to the regional office.

The procedure, as outlined, can not be changed unless directly authorized by the central office. Developments within the limits of this outline should be reported to the State inspectors, and the regional offices should report any meritorious points to the central office in order that all regional offices may be given the benefit of helpful ideas.

This manual of lending procedure will be supplemented by specific instructions from the attorney of each regional office as to the legal requirements in his territory.

A 1933 collection procedure will be prepared at a later date.

DON C. McVAY,
National Director Crop Production Loan Office.

WASHINGTON, *February, 1933.*



